INDIANA ECONOMIC
DEVELOPMENT CORPORATION

February 10, 2006

Mark Ahearn
Chief Legal Counsel – Deputy Commissioner
Indiana Department of Transportation

Dear Mr. Ahearn,

Pursuant to IC 4-22-2-28 and IC 4-22-2.1-6, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with Rule 105 IAC 14. The proposed rule would amend the current rate schedule for the Indiana Toll Road. Toll fees for cars would increase by 72% in year one and fees for trucks would increase over a four year period based on the number of axles on the truck according to the schedule below:

	Percentage Increase			
Truck Axles	Y1	Y2	Y3	Y4
2	9	0	0	0
3	5	8	8	9
4	23	27	20	17
5	24	25	21	17

The Indiana Department of Transportation ("INDOT") and the Indiana Finance Authority ("IFA") estimate that approximately 12,000 Indiana small businesses will be affected by this rate increase. The estimate of the total number of affected businesses was derived using information maintained using INDOT's existing database of commercial accounts as well as a third-party analysis conducted by Wilbur Smith and Associates.[1] Although as many as 12,000 small businesses will potentially be affected by this rule, it is anticipated that approximately 16% of those businesses will avoid paying the increased fees by traveling alternative routes.[2] Thus, approximately 10,000 Indiana small businesses will pay tolls according to the new fee schedule. The total annual economic impact (incremental annual cost increase) on all small businesses paying the increased toll fees is expected to be approximately $1.0 million in year one and $160,000 in years two through four. The economic impact associated with this rule is reasonable considering the need for investment in Indiana's transportation infrastructure. INDOT and IFA have determined that the increased revenue from the new fee structure is necessary to fund major improvement on or near the Toll Road including road widening, interchange projects, and repairs to aging highway surfaces. These repairs are necessary considering that the Toll Road serves as a critical linkage to commercial centers in Northern Indiana and the rest of the state. The additional revenue will also enable improvements to nearby state and local routes that would not otherwise be possible. These improvements will likely promote additional commerce in the area. Importantly,

[1] Wilbur Smith and Associates: Indiana Toll Road Traffic and Revenue Study (2002)
[2] Wilbur Smith and Associates: Rate Review and Revenue Projections Study (August 2005 and subsequent revisions to that study)

many small businesses will benefit from the infrastructure improvements made possible by the additional revenue generated as a result of the new fee structure. In determining the rule's economic impact on small businesses INDOT has relied on respectable third party studies and internal analysis. Principal studies considered are:

- Capital Improvements Projects Program: RQAW Consulting Engineers and Architects (May 2005)
- Rate Review and Revenue Projections Study: Wilbur Smith and Associates (August 2005 and subsequent revisions to that study)
- Major Moves: INDOT Ten Year Draft Major New Construction Program

INDOT and IFA have considered alternatives to mitigate the impact of this rule on small businesses. However, because the rule does not impose additional administrative or reporting requirements, efforts to mitigate the impact by allowing less stringent reporting requirements are not applicable. Small businesses cannot be specifically exempted from this rule because toll fees must be applied equally to all vehicles within the same vehicle class.

If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,

Ryan Asberry
Director – Research
Indiana Economic Development Corporation